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APPLICATION

Honorable James H. Welsh
Commissioner of Conservation
Louisiana Office of Conservation
P.O. Box 94275
Baton Rouge, Louisiana 70804

RE: 3,200' Zone, Reservoir A
Bayou Sauveur Field
Terrebonne Parish, Louisiana

Application is hereby made on behalf of **DENBURY ONSHORE, LLC** for the calling of a public hearing, after thirty (30) days legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters in the **3,200' Zone, Reservoir A**, in the Bayou Sauveur Field, Terrebonne Parish, Louisiana, for which rules and regulations were established and two (2) drilling and production units were created by Office of Conservation Order No. 940-N, effective February 3, 2004, to-wit:

1. To redefine the existing 3,200' Zone, Reservoir A, insofar and only insofar as Sand Unit B is concerned, as being that gas and condensate bearing sand encountered between the depths of 2,840 feet and 3,520 feet, electrical log measurements (2,740 feet and 3,406 feet, true vertical depth), in the Denbury Onshore, LLC – S.L. 17940 No. 1 Well, located in Section 3, Township 20 South, Range 16 East, Terrebonne Parish, Louisiana;
2. To confirm and continue in full force and effect, without any changes to its exterior geographic boundaries, the unit designated

3200 RA SUB, which was created by Office of Conservation Order No. 940-N, effective February 3, 2004; and

3. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The 3,200 Zone, Reservoir A, in the Bayou Sauveur Field, was previously defined in Office of Conservation Order No. 940-N, effective February 3, 2004.

The 3,200 Zone, Reservoir A, in the Bayou Sauveur Field, insofar and only insofar as the existing 3200 RA SUB is concerned, is hereby redefined as that gas and condensate bearing sand encountered between the depths of 2,840 feet and 3,520 feet, electrical log measurements (2,740 feet and 3,406 feet, true vertical depth), in the Denbury Onshore, LLC – S.L. 17940 No. 1 Well, located in Section 3, Township 20 South, Range 16 East, Terrebonne Parish, Louisiana.

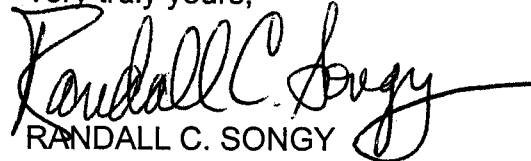
A conference to discuss the proposed application and any opposition thereto was held at 10:00 a.m. on the 23rd day of June, 2004, at The Onebane Law Firm, 102 Versailles Blvd., Suite 600, Lafayette, Louisiana 70502, (337)237-2660. A list of the parties who attended the pre-application conference is attached. Randall C. Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedures. Holmes Smart, geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefore, and answered questions. There were no counter plans presented, although representatives of Harry Bourg Corporation indicated they would request a continuance. The conference was then adjourned.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting **Holmes Smart with Frank Harrison, Jr.'s office, 200 Audubon Blvd., Lafayette, Louisiana 70503, (337)232-4031.**

There is attached hereto and made a part hereof a plat outlining the proposed unit and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$755.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,


RANDALL C. SONGY

RCS/elg/bad

Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties and
Represented Parties

P.S. To all Interested Owners, Represented Parties and Interested Parties:

You may have received this Application even though your property is not included in the proposed unit, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.

TERREBONNE PARISH, LOUISIANA

3200' RA SUB
±160 ACRES

SECTION 34

SECTION 35

SECTION 2

CANAL LAVER

BAYOU SAUVAGE FIELD

CAND: DEA
GEOLOGY: RML
APPROVED: MHBK